flows to India would be felt over a period of time.

(c) The general approach of the Government in countering the effect of the sanctions is to try to get a better understanding of our position on the part of other countries and also to encourage private capital flows. To this end, the government is pursuing its stated policies of encouraging inflows of foreign direct investment, investment from NRIs and from FIIs while ensuring that our domestic economic situation is strong.

Letter by Tamil Nadu Government to ADB objecting loan to Karnataka

3777. SHRI VAYALAR RAVI: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that the State Government of Tamil Nadu has written a letter to Asian Development Bank, objecting to sanction loan to Karnataka;

(b) if so, the details thereof; and

(c) the reaction of Government regarding any State Government directly writing and raising objections of awarding loans to another State?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) No, Sir.

(b) and (c) Do not arise.

Impact of sanctions imposed by G-8 countries on aid from world bank

3778. SHRI RAJUBHAI A. PARMAR:
SHRIMATI VEENA VERMA:

Will the Minister of FINANCE be pleased to state:

(a) whether the overall impact of sanctions imposed by G-8 countries on aid from World Bank during the current year has been assessed;

(b) if so, the details thereof; and

(c) the steps taken and being taken to meet the situation?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) to (c) Yes. The G-8 countries in their communique on Nuclear Tests have stated that "we will therefore not oppose loans by international financial institutions to the two countries to meet basic human needs. We agree, however, to work for a postponement to consideration of other loans in the World Bank and other international financial institutions to India and Pakistan and to any other country that will conduct nuclear tests". Subsequently, by follow up of Government of India, the following loans/credits have been approved by the World Bank.

(i) Andhra Pradesh Economic Restructuring Project (US $ 543.2 million) on June 25,1998.

(ii) Women and Child Development Project (US $ 300 million, on July 1, 1998.

(iii) U.P. Diversified Agriculture Support Project (US $ 130 million).

(iv) Orissa Health Systems Development Project (US $ 76.4 million).

However, the following three loans have been postponed to a date to be determined:

(i) The Power Grid II Project (US $ 450 million).

(ii) Renewable Energy II Project (US $ 130 million).

(iii) Haryana State Highway Project (US $ 275 million).

The matter is being pursued by Government of India. The impact would depend on how long these loans remain postponed.